

September 11, 2017



RHE Fireside Park Inc FY 2016 Annual Report

June 2017

Submitted to the City of Rockville Mayor and City Council
Prepared by Rockville Housing Enterprises

FYE 2016 Successes

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- Property scored 99% on the HUD Real Estate Assessment Center inspection
- Received a **Superior** Rating on the Annual Resident Satisfacts Survey
- Resident Appreciation events held to Create a Sense of Community

2016 Rent Schedule

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Affordable Units

Market Units

Total Units	118	118
One Bedroom	\$1100-\$1200	\$1250
Two Bedroom	\$1325-\$1400	\$1530
Three Bedroom	\$1625-\$1725	\$1860

Occupancy as of December 2016

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	Affordable @ 50% AMI	Affordable @ 60% AMI	Affordable @ 80% AMI	Market	Total
Total Units	10	84	24	118	236
Occupied Last Month 11/30/16	10	84	24	88	206
# Move-Ins	0	0	1	5	5
# Move-Outs	0	1	1	0	2
Total Units Occupied	10	83	23	93	209
# Units Vacant	0	1	1	25	27
% of Total Units Occupied	100%	99%	96%	79%	89%

- The combined average occupancy of the affordable units is 98.3%

Current Occupancy – June 2017

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	Affordable @ 50% AMI	Affordable @ 60% AMI	Affordable @ 80% AMI	Market	Total
Total Units	10	84	24	118	236
Occupied Last Month 05/31/16	9	82	22	97	210
# Move-Ins (including pre-lease)	1	1	0	2	4
# Move-Outs	0	2	0	0	2
Total Units Occupied	10	81	22	99	212
# Units Vacant	0	3	2	19	24
% of Total Units Occupied	100%	98%	92%	83%	90%

- The combined average occupancy of the affordable units is 95%

2016 Audited Financial Summary

Fireside Park Apartments

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Condensed Net Cashflow Statement for the period ending December 31, 2016 (Audited)

Income		
Rental Income		\$3,538,931
Other Income		
Total Effective Gross Income		\$3,698,367
Operating Expenses		
Operating Expenses		(\$2,498,462)
Total Gross Operating Expenses		\$2,498,462
Net Operating Income		\$1,040,469
Debt Service Expenditures		
Total Debt Service Expenditures		(\$1,202,260)
Net Cash Flow		(\$161,791)
Principal Loan Payment Due:	Basis	
<i>City of Rockville</i>	15%	\$0
<i>Montgomery County</i>	15%	\$0
Residual Net Cash Flow		n/a

2016 Capital Improvements based on Physical Needs Assessment

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Capital Improvement Items to Be Completed

Estimated Cost (to be funded from the RHE funded Replacement reserve)

- ☐ Concrete Replacement
- ☐ R/R Tie Wall
- ☐ Basement Water Proofing
- ☐ **Total**

- ☐ \$26,791
- ☐ \$45,000
- ☐ \$47,640
- ☐ **\$119,431**

Fireside Park Apartments

Cashflow Comparison (2016 Audited)

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	2014	2015	2016
Net Operating Income	\$2,105,597	\$1,800,295	\$1,040,469
<u>Debt Service Expenditures</u>	<u>\$1,962,350</u>	<u>\$1,977,029</u>	<u>\$1,202,260</u>
Net Cashflow	\$143,247	(\$176,734)	(161,791)

Principal Loan Payments

<i>City of Rockville</i>	\$21,487	\$0	\$0
<u>Montgomery County</u>	<u>\$21,487</u>	<u>\$0</u>	<u>\$0</u>

Excess Net Cashflow	\$100,273	\$0	0
<i>RHE Asset Management Fee</i>	<i>\$84,960</i>	<i>\$0</i>	<i>0</i>
Deposited to Cashflow Reserve	\$15,313	\$0	0
<u>RHE Payment to Cashflow Reserve</u>	<u>\$80,000</u>	<u>\$0 (noted \$80,000 reserve payment made for 2015)</u>	
Cumulative Cashflow Reserve	\$259,737	\$164,424	\$164,002

Income and Expense Comparison 2015 and 2016

(Statement of Revenues and Expenses 2016 Audit)

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Operating Revenues	2015	2016	Variance	Explanation
Rental Income	\$3,698,346	\$3,536,931	(\$161,415)	Occupancy decreased by 4%
Administrative Expense	\$428,788	\$396,710	(\$32,078)	Decrease in vendor costs
Maintenance & Operations	\$929,275	\$750,958	(\$178,317)	Less spent on capitalized repairs
General Expenses	\$298,104	\$287,435	(\$10,669)	Decrease in vendor cost

Debt Service Compliance – FY2016

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- **Citi Bank Debt Service Payments Made**
 - ▣ \$1,751,493.95
- **City of Rockville Interest payment**
 - ▣ \$51,171.27 paid April 2017
- **Montgomery County Interest payment**
 - ▣ \$82,915.94 paid May 2017
- **Principle Payments based on Net Cashflow**
 - ▣ No Net Cashflow generated in FY2016

2017 Rent Schedule

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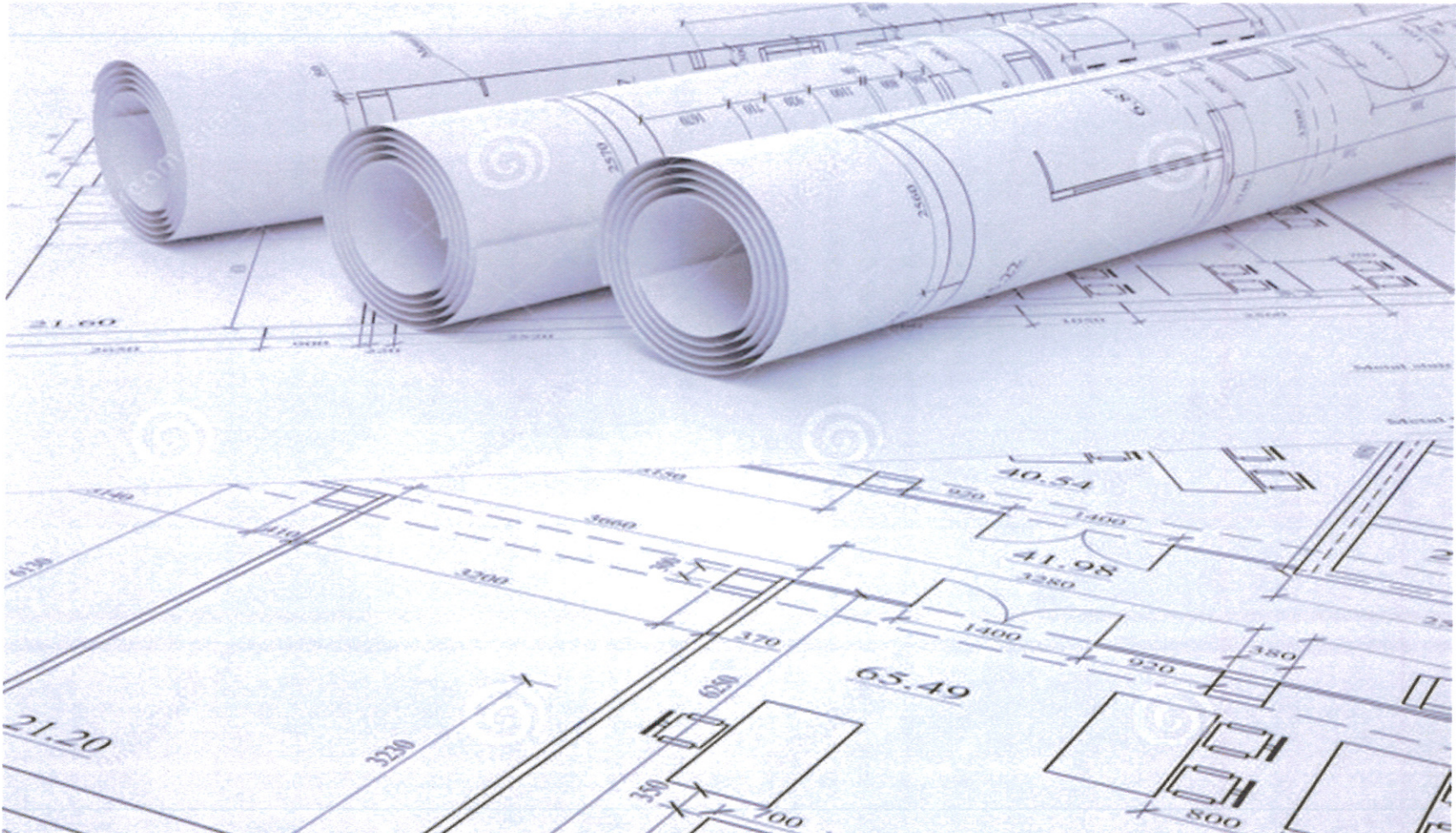
Affordable Units

Market Units

Total Units	118	118
One Bedroom	\$1 100-\$1 200	\$1 270
Two Bedroom	\$1 325-\$1 400	\$1 540
Three Bedroom	\$1 625-\$1 725	\$1 860

Redevelopment & Recapitalization Planning

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Long Term – Recapitalization Plan

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- RHE plans to re-finance Fireside Park Apartments utilizing the Low-Income Housing Tax Credit program with multi-family Tax Exempt Bonds, Subordinate State Loan program, 221 (d)(4) Permanent Financing and a subordinate loans.
- Through the recapitalization strategy, RHE will repay the City of Rockville's outstanding loan and fund major property improvements and modernization for long term sustainability of the property.

City of Rockville Mayor and City Council (M&C)

Refinancing Plan Milestones

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- Take out Refinancing Plan submitted to the M&C - **Completed May 2016**
- M&C Update on Refinancing Plan – October 2017
- Final Refinancing Plan to M&C for Approval – December 2017
- City Of Rockville Loan due April 1, 2020

Current Debt Service

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□ Citi Bank Loan

- ▣ Original Loan Amount - \$32,400,000
- ▣ Current Loan Amount - \$29,499,800.95

□ City of Rockville

- ▣ Original Loan Amount - \$1,800,000
- ▣ Current Loan Amount - \$1,705,709

□ Montgomery County Loan

- ▣ Original Loan Amount - \$3,190,000
- ▣ Current Loan Amount - \$2,773,224

Projected Recapitalization Critical Path

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Predevelopment Expense Financing	March 2017 - Completed
Architect & Civil Engineering Schematic Design and Programming	October 2017
Engagement of: <ul style="list-style-type: none"> • Market Analyst • Appraiser, Phase I Environmental • Survey, PNA 	November 2017
Engagement of: <ul style="list-style-type: none"> • HERS Analyst • Energy Consultant 	November 2017
Submission of Financing Application for 4% Low Income Housing Tax Credits, Tax Exempt Bonds and State of Maryland Partnership Funds to CDA	January 2018
Architect & Civil Engineering Construction Drawings	March 2018
Financing Award from CDA	May 2018
Finance Closing	October 2018
Notice to Proceed to General Contractor	November 2018
Completion of Construction	April 2019